

EXHIBIT C

**GRACEWAY PHARMACEUTICALS, LLC, et al., CASE NO. 11-13036
THIRD MONTHLY APPLICATION OF FTI CONSULTING, INC.
FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES AS FINANCIAL ADVISOR
FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
FOR THE PERIOD DECEMBER 1, 2011 THROUGH DECEMBER 31, 2011**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

| | | |
|---|---|--------------------------|
| In re: |) | Chapter 11 |
| Graceway Pharmaceuticals, LLC, <i>et al.</i> ¹ |) | Case No. 11-13036 (P JW) |
| Debtors. |) | (Jointly Administered) |

**THIRD MONTHLY APPLICATION OF FTI CONSULTING, INC.
FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES AS FINANCIAL ADVISOR
FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
FOR THE PERIOD DECEMBER 1, 2011 THROUGH DECEMBER 31, 2011**

Name of Applicant: FTI Consulting, Inc.

Authorized to Provide Professional Services to: Official Committee of Unsecured Creditors

Date of Retention: October 13, 2011

Period for which compensation and reimbursement is sought: December 1, 2011 through December 31, 2011

Amount of Compensation sought as actual, reasonable and necessary: \$16,302.00

Amount of Expense Reimbursement sought as actual, reasonable and necessary: \$81.66

This is a(n): X Monthly Interim Final Application

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Graceway Pharma Holding Corp., a Delaware corporation (9175); Graceway Holdings, LLC, a Delaware limited liability company (2502); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385); Chester Valley Holdings, LLC, a Delaware limited liability company(9457); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713); Graceway Canada Holdings, Inc., a Delaware corporation (6663); and Graceway International, Inc., a Delaware corporation (2399). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620 (Attn: John Bellamy)

PRIOR APPLICATIONS

| DATE FILED | PERIOD COVERED | REQUESTED FEES | REQUESTED EXPENSES | AMOUNTS PAID | REMAINING BALANCE |
|--------------|---------------------|----------------------|--------------------|----------------------|----------------------|
| 11/30/2011 | 10/13/11 - 10/31/11 | \$ 189,395.50 | \$ 26.31 | \$ 151,542.71 | \$ 37,879.10 |
| 12/20/2011 | 11/01/11 - 11/30/11 | \$ 196,238.50 | \$ 543.86 | \$ - | \$ 196,782.36 |
| TBD | 12/01/11 - 12/31/11 | \$ 16,302.00 | \$ 81.66 | \$ - | \$ 16,383.66 |
| TOTAL | | \$ 401,936.00 | \$ 651.83 | \$ 151,542.71 | \$ 251,045.12 |

SUMMARY OF PROFESSIONAL HOURS AND FEES

| PROFESSIONAL | POSITION | BILLING | TOTAL HOURS | TOTAL FEES |
|-----------------------|--------------------------|---------|-------------|---------------------|
| Star, Samuel | Senior Managing Director | \$ 895 | 1.9 | \$ 1,700.50 |
| Greenberg, Mark | Managing Director | 745 | 12.5 | 9,312.50 |
| Hellmund-Mora, Marili | Paraprofessional | 250 | 1.5 | 375.00 |
| Stewart, Paul | Paraprofessional | 210 | 23.4 | 4,914.00 |
| Grand Total | | | 39.3 | \$ 16,302.00 |

COMPENSATION BY PROJECT CATEGORY

| PROJECT CATEGORY | TOTAL HOURS | TOTAL FEES |
|--|-------------|---------------------|
| Analysis of Claims/Liabilities Subject to Compromise | 0.4 | \$ 298.00 |
| Analysis of Other Miscellaneous Motions | 0.4 | 298.00 |
| Case Management | 0.2 | 179.00 |
| Cash & Liquidity Analysis | 4.4 | 3,278.00 |
| Current Operating Results and Events | 0.4 | 298.00 |
| Firm Retention | 2.6 | 1,358.00 |
| General Meetings with Committee & Committee Counsel | 3.2 | 2,489.00 |
| General Meetings with Debtors & Debtors' Professionals | 0.1 | 74.50 |
| Meetings with Other Parties | 0.3 | 268.50 |
| POR & DS - Analysis, Negotiation and Formulation | 3.6 | 2,772.00 |
| Preparation of Fee Application | 23.7 | 4,989.00 |
| TOTAL | 39.3 | \$ 16,302.00 |

EXPENSE SUMMARY

| EXPENSE CATEGORY | AMOUNT |
|------------------|-----------------|
| Research | \$ 81.66 |
| TOTAL | \$ 81.66 |

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

| | | |
|---|---|--------------------------|
| In re: |) | |
| |) | Chapter 11 |
| Graceway Pharmaceuticals, LLC, <i>et al.</i> ² |) | Case No. 11-13036 (P JW) |
| |) | (Jointly Administered) |
| Debtors. |) | |
| |) | |

**THIRD MONTHLY APPLICATION OF FTI CONSULTING, INC.
FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES AS FINANCIAL ADVISOR
FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
FOR THE PERIOD DECEMBER 1, 2011 THROUGH DECEMBER 31, 2011**

FTI Consulting, Inc. (hereinafter referred to as “FTI Consulting”, “FTI” or the “Applicant”) as Financial Advisor for the Official Committee of Unsecured Creditors (the “Committee”) of the above-captioned debtors and debtors in possession. (collectively, the “Debtors”) files this Third Monthly Application for Compensation for Services Rendered and Reimbursement of Expenses (the “Application”) for the period of December 1, 2011 through December 31, 2011 (the “Application Period”). In support of this Application, the Applicant respectfully represents as follows:

Jurisdiction

1. The Court has jurisdiction over this matter under 28 U.S.C. § 157 and 1334. This is a core proceeding within the meaning of 28 U.S.C. §§ 157(b)(2). Venue of this chapter 11 case in this district is proper under 28 U.S.C. §§ 1408 and 1409.

² The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Graceway Pharma Holding Corp., a Delaware corporation (9175); Graceway Holdings, LLC, a Delaware limited liability company (2502); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385); Chester Valley Holdings, LLC, a Delaware limited liability company(9457); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713); Graceway Canada Holdings, Inc., a Delaware corporation (6663); and Graceway International, Inc., a Delaware corporation (2399). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620 (Attn: John Bellamy)

Background

2. On September 29, 2011 (the "Petition Date"), the Debtors filed a voluntary petition for relief pursuant to chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). Since that date, the Debtors have continued in possession of their business and property as debtors-in-possession in accordance with sections 1107(a) and 1108 of the Bankruptcy Code.

3. On October 11, 2011 the Office of the United States Trustee held a meeting to appoint the Committee pursuant to section 1102 of the Bankruptcy Code (the "Formation Meeting"). After the Formation Meeting, the Committee selected Lowenstein Sandler PC as its counsel, and on October 13, 2011, the Committee selected FTI Consulting as its financial advisor.

4. The Applicant's retention as Financial Advisor to the Committee was approved as of October 13, 2011 by this Court (the "Retention Order"). A copy of said order, dated November 7, 2011, is attached hereto as **Exhibit A** and incorporated herein by reference.

Relief Requested

5. FTI submits this Application pursuant to sections 330 and 331 of the Bankruptcy Code, Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the "Interim Compensation Order"), Del. Bankr. LR 2016-2 (the "Local Rules") and the Retention Order. By this Application, FTI seeks interim allowance of compensation for actual and necessary professional services rendered in the amount of \$13,041.60 for the Application Period (80% of total fees of \$16,302.00), and seeks the allowance and payment of 100% of its actual and necessary expenses in the amount of \$81.66, in accordance with the terms of the Interim Compensation Order.

6. The Applicant is charging on an hourly basis for these services. The total number of hours expended by FTI professionals and paraprofessionals in performing professional services for the Committee during the Application Period was 39.3 hours. Pursuant to the Retention Order, FTI

is entitled to monthly compensation for its services provided to the Committee at its current hourly rates, plus reimbursement of necessary out of pocket expenses. The fees applied for herein are based on the hourly rates that reflect the usual and customary fees charged to all clients of the Applicant for similar services.

7. An itemization of services rendered within each project category by each professional and paraprofessional during the Application Period is attached hereto as **Exhibit B**.

Actual and Necessary Costs and Expenses Incurred

8. Reimbursement of expenses in the amount of \$81.66 is sought herein. A categorized summary of the actual and necessary costs and expenses incurred by FTI during the Application Period, and an itemization of each expense within each category, is attached as **Exhibit C**.

Compliance with the Bankruptcy Code, the Bankruptcy Rules and Local Rules

9. In accordance with the Local Rules, a summary schedule of hours and fees for each professional, and a summary of hours and fees categorized by project code are attached at the front of the Application. The undersigned submits that this Application complies with the Local Rules and the Retention Order.

10. FTI submits that the services rendered and expenses incurred were actual and necessary and that the compensation sought is reasonable and in accordance with the standards of the Bankruptcy Code and Bankruptcy Rules.

11. No agreement or understanding exists between FTI and any other entity (other than shareholders or employees of FTI) for the sharing of compensation received or to be received for services rendered in or in connection with these cases.

Notice

12. As required by the Interim Compensation Order, a copy of this Application has been served upon: (a) Graceway Pharmaceuticals, LLC; (b) counsel for the Debtors (c) counsel for the

Committee (d) the Office of the United States Trustee for the District of Delaware; and (e) special restructuring and bankruptcy counsel to the administrative agent for the lenders under the Debtors' prepetition first lien credit facility. Notice of this Application was served upon all parties requesting notice pursuant to Bankruptcy Rule 2002.

WHEREFORE, FTI respectfully requests an award of compensation for professional services rendered as financial advisor for the Committee during the Application Period in the amount of \$13,041.60 (80% of total fees of \$16,302.00), together with the reimbursement of expenses in the amount of \$81.66 pursuant to the Interim Compensation Order; and such other and further relief that the Court deems just and proper.

Dated: January 11, 2012

FTI CONSULTING, INC.

By: /s/ Samuel Star
Samuel Star
Three Times Square
New York, NY 10036
Telephone: 212.841.9368
E-mail: samuel.star@fticonsulting.com

Financial Advisor for the Official Committee of
Unsecured Creditors of Graceway Pharmaceuticals,
LLC, et al.

VERIFICATION PURSUANT TO DEL. BANKR.LR. 2016-2(f) AND 28 U.S.C. §1746(2)

I, Samuel Star, verify as follows:

1. I am a Senior Managing Director with FTI Consulting, Inc. (together with its wholly owned subsidiaries, agents, independent contractors and employees, "FTI"). FTI has rendered professional services to the Official Committee of Unsecured Creditors (the "Committee") in this Chapter 11 case.

2. I have read the foregoing application of FTI for compensation and reimbursement of expenses (the "Fee Application"). To the best of my knowledge, information and belief formed upon the basis of my participation in this case, as well as after reasonable inquiry, the facts set forth in the foregoing Fee Application are true and correct and materially comply with the applicable orders, rules, guidelines and requirements as set forth by the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, Del.Bankr.LR 2016-2, and the Executive Office for the United States Trustee.

Executed on: January 11, 2012

FTI CONSULTING, INC.

By: /s/ Samuel Star
Samuel Star
Three Times Square
New York, NY 10036
Telephone: 212.841.9368
E-mail: samuel.star@fticonsulting.com

Financial Advisor for the Official Committee of
Unsecured Creditors of Graceway Pharmaceuticals,
LLC, et al.

Invoice No. 7284234 should be referenced when making payment. Check and wire transfer instructions are as follows:

By Check Remit to:

FTI Consulting Inc
P.O. Box 418178
Boston, MA 02241-8178
RE: Invoice: 7284234
Project No. 425619.0002

By Wire Transfer Remit to:

FTI Consulting
Bank of America, NA
Rockville, MD 20852
Account # 003939577164
ABA # 026009593
Tax ID #52-1261113
RE: Invoice: 7284234
Project No. 425619.0002

By ACH Transfer Remit to:

Bank of America, NA
Rockville, MD 20852
ABA: # 052001633
Account: # 003939577164
RE: Invoice: 7284234
Project No. 425619.0002

EXHIBIT A

**GRACEWAY PHARMACEUTICALS, LLC, et al., CASE NO. 11-13036
COPY OF THE RETENTION ORDER AUTHORIZING
EMPLOYMENT OF THE APPLICANT**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)
) Chapter 11
Graceway Pharmaceuticals, LLC, et al.¹) Case No. 11-13036 (PJW)
) (Jointly Administered)
Debtors.)

RE: Docket No. 164

**ORDER AUTHORIZING RETENTION OF
FTI CONSULTING, INC. AS FINANCIAL ADVISOR
FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

Upon the application (the "Application")² of the Official Committee of Unsecured Creditors (the "Committee") of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for an order pursuant to section 1103 of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), authorizing them to retain FTI Consulting, Inc., together with its wholly owned subsidiaries and employees, and those agents and independent contractors who hereinafter file appropriate declarations consistent with section 1103(b) of the Bankruptcy Code (collectively, "FTI"), as financial advisor; and upon the Affidavits of Samuel Star in support of the Application; and due and adequate notice of the Application having been given; and it appearing that no other notice need be given; and it appearing that FTI is not representing any adverse interests in connection with this case; and it appearing that the relief requested in the Application is in the best interest of the Committee; after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED that the Application be, and it hereby is, granted, as set forth herein; and it is

¹The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Graceway Pharma Holding Corp., a Delaware corporation (9175); Graceway Holdings, LLC, a Delaware limited liability company (2502); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385); Chester Valley Holdings, LLC, a Delaware limited liability company (9457); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713); Graceway Canada Holdings, Inc., a Delaware corporation (6663); and Graceway International, Inc., a Delaware corporation (2399). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620 (Attn: John Bellamy)

²Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Application.

further

ORDERED that the capitalized terms not defined herein shall have the meanings ascribed to them in the Application; and it is further

ORDERED that in accordance with sections 328(a) and 1103 of the Bankruptcy Code, Bankruptcy Rule 2014 and Rule 2014-1 of the Local Rules, the Committee is authorized to employ and retain FTI as of October 13, 2011 as their financial advisor on the terms set forth in the Application and as set forth in the affidavits of Samuel Star dated October 27, 2011 and November ~~7~~⁹ 2011; and it is further

ORDERED that FTI shall be compensated and reimbursed for actual and necessary expenses upon the filing and approval of interim and final applications in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code and such Bankruptcy Rules and Local Rules of this Court, as may then be applicable, from time to time, and such applicable orders entered by this Court in respect of compensation of professionals.

ORDERED that FTI is entitled to reimbursement of actual and necessary expenses, including any reasonable legal fees incurred for FTI's defense of its retention and fee applications in this matter, subject to Court approval, provided that FTI shall attach to its fee applications those invoices of its counsel for which it seeks to be reimbursed, which invoices shall include the information required by the Bankruptcy Code and such Bankruptcy Rules and Local Rules of this Court, as may then be applicable from time to time, and such applicable orders entered by this Court in respect of compensation of professionals.

ORDERED that the following indemnification provisions are hereby approved:

a. subject to the provisions of subparagraphs (b) and (c) below, the Debtors are authorized to indemnify and hold harmless, and shall indemnify and hold harmless, FTI for any claims, liabilities, costs or expenses (including the reasonable fees and expenses

of its attorneys) arising from, related to, or in connection with any of the Debtors having furnished to FTI any false, inaccurate or misleading documents, reports, information (financial or otherwise), records, projections, books of record or financial statements, in each case, that FTI in turn distributes to or shares with the Committee or upon which FTI relied in providing advice to the Committee in connection with these Chapter 11 cases; and in furtherance of the foregoing the Debtors shall promptly pay reasonable expenses (including the reasonable fees and expenses of its attorneys) incurred by FTI in defending, participating in, or settling any action, proceeding or investigation in which FTI is a party or is threatened to be made a party or otherwise is participating in by reason of the engagement authorized herein, upon submission of invoices therefore, whether in advance of the final disposition of such action, proceeding, or investigation or otherwise, provided that FTI undertakes to repay any and all such amounts so advanced if it shall ultimately be determined that FTI is not entitled to be indemnified therefore pursuant to the terms hereof; and

b. the Debtors shall have no obligation to indemnify or to hold FTI harmless for any such claim, liability, cost or expense that is either (i) judicially determined (the determination having become final) to have arisen primarily from FTI's bad faith, gross negligence or willful misconduct; or (ii) settled prior to a judicial determination as to FTI's bad faith, gross negligence or willful misconduct, but determined by this Court, after notice and a hearing pursuant to subparagraph (c) infra, to be a claim, liability, cost or expense for which FTI is not entitled to receive indemnity or to be held harmless under the terms of the Application as modified by this Order; and

c. if, before the earlier of (i) the entry of an order confirming a chapter 11 plan in these cases (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing these chapter 11 cases, FTI believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification and hold harmless obligations, including, without limitation, the advancement of defense costs, FTI must file an application therefore in this Court, and the Debtors may not pay any such amounts to FTI before the entry of an order by this Court approving the

payment. This subparagraph (c) is intended only to specify the period of time under which the Court shall have jurisdiction over any request for fees and expenses by FTI for said indemnification and hold harmless, and not as a provision limiting the duration of the Debtors' obligation to indemnify and hold FTI harmless; and it is further

ORDERED that this court shall retain jurisdiction with respect to all matters arising or related to the implementation of this order.

Dated: November 7, 2011


HONORABLE PETER J. WALSH

EXHIBIT B

GRACEWAY PHARMACEUTICALS, LLC, et al., CASE NO. 11-13036
DETAILED PROFESSIONAL ACTIVITY BY HOURS AND FEES BY PROJECT CATEGORY
FOR THE PERIOD DECEMBER 1, 2011 THROUGH DECEMBER 31, 2011

Analysis of Claims/Liabilities Subject to Compromise

| Professional | Date | Hours | Activity | Rate | Fees |
|-----------------|-----------|------------|--|-------|-----------------|
| Greenberg, M. | 20-Dec-11 | 0.4 | Review subordination provisions of mezzanine loan. | \$745 | \$298.00 |
| Subtotal | | 0.4 | | | \$298.00 |

Analysis of Other Miscellaneous Motions

| Professional | Date | Hours | Activity | Rate | Fees |
|-----------------|-----------|------------|--|-------|-----------------|
| Greenberg, M. | 05-Dec-11 | 0.4 | Review Debtors' motion to reject leases and contracts. | \$745 | \$298.00 |
| Subtotal | | 0.4 | | | \$298.00 |

Case Management

| Professional | Date | Hours | Activity | Rate | Fees |
|-----------------|-----------|------------|---------------------|-------|-----------------|
| Star, S. | 02-Dec-11 | 0.1 | Update work plan. | \$895 | \$89.50 |
| Star, S. | 12-Dec-11 | 0.1 | Review case status. | \$895 | \$89.50 |
| Subtotal | | 0.2 | | | \$179.00 |

Cash & Liquidity Analysis

| Professional | Date | Hours | Activity | Rate | Fees |
|-----------------|-----------|------------|---|-------|-------------------|
| Greenberg, M. | 01-Dec-11 | 1.6 | Review actual v. budgeted cash flow through week ended 11/25/11. | \$745 | \$1,192.00 |
| Greenberg, M. | 09-Dec-11 | 2.8 | Analyze Debtors' revised DIP budget and compare to prior version of DIP budget. | \$745 | \$2,086.00 |
| Subtotal | | 4.4 | | | \$3,278.00 |

Current Operating Results and Events

| Professional | Date | Hours | Activity | Rate | Fees |
|-----------------|-----------|------------|--------------------------|-------|-----------------|
| Greenberg, M. | 07-Dec-11 | 0.4 | Review October 2011 MOR. | \$745 | \$298.00 |
| Subtotal | | 0.4 | | | \$298.00 |

EXHIBIT B

**GRACEWAY PHARMACEUTICALS, LLC, et al., CASE NO. 11-13036
DETAILED PROFESSIONAL ACTIVITY BY HOURS AND FEES BY PROJECT CATEGORY
FOR THE PERIOD DECEMBER 1, 2011 THROUGH DECEMBER 31, 2011**

Firm Retention

| Professional | Date | Hours | Activity | Rate | Fees |
|---------------------|-------------|--------------|---|-------------|-------------------|
| Hellmund-Mora, M. | 01-Dec-11 | 1.2 | Review relationship check results for additional parties and report findings. | \$250 | \$300.00 |
| Greenberg, M. | 06-Dec-11 | 0.7 | Prepare draft of FTI's second supplemental affidavit. | \$745 | \$521.50 |
| Star, S. | 07-Dec-11 | 0.1 | Review second supplemental affidavit. | \$895 | \$89.50 |
| Greenberg, M. | 07-Dec-11 | 0.6 | Prepare draft of FTI's second supplemental affidavit. | \$745 | \$447.00 |
| Subtotal | | 2.6 | | | \$1,358.00 |

General Meetings with Committee & Committee Counsel

| Professional | Date | Hours | Activity | Rate | Fees |
|---------------------|-------------|--------------|--|-------------|-------------|
| Greenberg, M. | 01-Dec-11 | 0.1 | Participate in UCC call to discuss asset sale status and Metaphor settlement. | \$745 | \$74.50 |
| Greenberg, M. | 01-Dec-11 | 0.2 | Discussion with counsel regarding settlement with 1st lien lenders. | \$745 | \$149.00 |
| Greenberg, M. | 02-Dec-11 | 0.2 | Discussion with counsel regarding substantive consolidation. | \$745 | \$149.00 |
| Greenberg, M. | 02-Dec-11 | 0.3 | Correspondence with counsel regarding asset sale and lease rejections. | \$745 | \$223.50 |
| Greenberg, M. | 08-Dec-11 | 0.2 | Correspondence with counsel regarding FTI's second supplemental affidavit. | \$745 | \$149.00 |
| Greenberg, M. | 08-Dec-11 | 0.3 | Participate on UCC call to discuss case status and Plan/DS. | \$745 | \$223.50 |
| Greenberg, M. | 12-Dec-11 | 0.1 | Correspondence with UCC member regarding case status. | \$745 | \$74.50 |
| Greenberg, M. | 13-Dec-11 | 0.1 | Correspondence with UCC member regarding case status. | \$745 | \$74.50 |
| Greenberg, M. | 13-Dec-11 | 0.1 | Correspondence with counsel regarding case status. | \$745 | \$74.50 |
| Star, S. | 15-Dec-11 | 0.3 | Conference call with Counsel regarding case status. | \$895 | \$268.50 |
| Greenberg, M. | 15-Dec-11 | 0.3 | Discussion with counsel regarding Plan/DS and Committee professional fees. | \$745 | \$223.50 |
| Greenberg, M. | 19-Dec-11 | 0.1 | Correspondence with counsel regarding FTI's second fee application. | \$745 | \$74.50 |
| Greenberg, M. | 20-Dec-11 | 0.1 | Correspondence with counsel regarding UCC professional fees. | \$745 | \$74.50 |
| Greenberg, M. | 20-Dec-11 | 0.2 | Discussion with counsel regarding Plan/DS issues. | \$745 | \$149.00 |
| Star, S. | 20-Dec-11 | 0.4 | Conference call with Counsel regarding case status. | \$895 | \$358.00 |
| Greenberg, M. | 22-Dec-11 | 0.2 | Correspondence with counsel regarding Committee professional fees and payment thereof. | \$745 | \$149.00 |

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**GRACEWAY PHARMACEUTICALS, LLC, et al., CASE NO. 11-13036
DETAILED PROFESSIONAL ACTIVITY BY HOURS AND FEES BY PROJECT CATEGORY
FOR THE PERIOD DECEMBER 1, 2011 THROUGH DECEMBER 31, 2011**

General Meetings with Committee & Committee Counsel

| Professional | Date | Hours | Activity | Rate | Fees |
|---------------------|-------------|--------------|-----------------|-------------|-------------------|
| Subtotal | | 3.2 | | | \$2,489.00 |

General Meetings with Debtors & Debtors' Professionals

| Professional | Date | Hours | Activity | Rate | Fees |
|---------------------|-------------|--------------|---|-------------|----------------|
| Greenberg, M. | 08-Dec-11 | 0.1 | Correspondence with Debtors regarding Wholesale Support Agreements. | \$745 | \$74.50 |
| Subtotal | | 0.1 | | | \$74.50 |

Meetings with Other Parties

| Professional | Date | Hours | Activity | Rate | Fees |
|---------------------|-------------|--------------|---|-------------|-----------------|
| Star, S. | 13-Dec-11 | 0.1 | Telephone call with second lien holder regarding case status. | \$895 | \$89.50 |
| Star, S. | 27-Dec-11 | 0.2 | Respond to UST queries on October fee application. | \$895 | \$179.00 |
| Subtotal | | 0.3 | | | \$268.50 |

POR & DS - Analysis, Negotiation and Formulation

| Professional | Date | Hours | Activity | Rate | Fees |
|---------------------|-------------|--------------|--|-------------|-------------------|
| Star, S. | 02-Dec-11 | 0.1 | Review terms of settlement agreement with 1st lien lenders. | \$895 | \$89.50 |
| Greenberg, M. | 02-Dec-11 | 0.4 | Review terms of settlement agreement between 1st lien lenders and unsecured creditors. | \$745 | \$298.00 |
| Star, S. | 22-Dec-11 | 0.5 | Review draft of Plan of Liquidation. | \$895 | \$447.50 |
| Greenberg, M. | 22-Dec-11 | 2.6 | Review draft Plan of Liquidation and prepare list of questions for counsel. | \$745 | \$1,937.00 |
| Subtotal | | 3.6 | | | \$2,772.00 |

Preparation of Fee Application

| Professional | Date | Hours | Activity | Rate | Fees |
|---------------------|-------------|--------------|--|-------------|-------------|
| Stewart, P. | 01-Dec-11 | 0.3 | Analysis of accrued fees and expenses for November. | \$210 | \$63.00 |
| Stewart, P. | 01-Dec-11 | 0.8 | Review and revise expense descriptions based upon the requirements set forth in the Local Rules of the Bankruptcy Court and the U.S. Trustee guidelines. | \$210 | \$168.00 |

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**GRACEWAY PHARMACEUTICALS, LLC, et al., CASE NO. 11-13036
DETAILED PROFESSIONAL ACTIVITY BY HOURS AND FEES BY PROJECT CATEGORY
FOR THE PERIOD DECEMBER 1, 2011 THROUGH DECEMBER 31, 2011**

Preparation of Fee Application

| Professional | Date | Hours | Activity | Rate | Fees |
|---------------------|-------------|--------------|--|-------------|--------------------|
| Stewart, P. | 01-Dec-11 | 2.9 | Review and revise time descriptions based upon the requirements set forth in the Local Rules of the Bankruptcy Court and the U.S. Trustee guidelines. | \$210 | \$609.00 |
| Stewart, P. | 05-Dec-11 | 0.3 | Review and revise expense descriptions based upon the requirements set forth in the Local Rules of the Bankruptcy Court and the U.S. Trustee guidelines. | \$210 | \$63.00 |
| Stewart, P. | 05-Dec-11 | 1.6 | Prepare exhibits for the initial draft of the November fee application. | \$210 | \$336.00 |
| Stewart, P. | 05-Dec-11 | 2.8 | Review and revise November time descriptions based upon the requirements set forth in the Local Rules of the Bankruptcy Court and the U.S. Trustee guidelines. | \$210 | \$588.00 |
| Stewart, P. | 05-Dec-11 | 2.9 | Prepare pleading for the initial draft of the November fee application. | \$210 | \$609.00 |
| Stewart, P. | 06-Dec-11 | 2.8 | Preparation of the November fee application. | \$210 | \$588.00 |
| Stewart, P. | 07-Dec-11 | 1.3 | Preparation of the November fee application. | \$210 | \$273.00 |
| Stewart, P. | 09-Dec-11 | 1.3 | Preparation of the November fee application. | \$210 | \$273.00 |
| Stewart, P. | 12-Dec-11 | 2.3 | Preparation of the November fee application. | \$210 | \$483.00 |
| Stewart, P. | 13-Dec-11 | 1.8 | Preparation of the November fee application. | \$210 | \$378.00 |
| Stewart, P. | 15-Dec-11 | 2.3 | Review and revise November fee application. | \$210 | \$483.00 |
| Hellmund-Mora, M. | 20-Dec-11 | 0.3 | Analyze accrued fees and expenses. | \$250 | \$75.00 |
| Subtotal | | 23.7 | | | \$4,989.00 |
| Grand Total | | 39.3 | | | \$16,302.00 |

EXHIBIT C

**GRACEWAY PHARMACEUTICALS, LLC, et al., CASE NO. 11-13036
DETAILED EXPENSES BY CATEGORY
FOR THE PERIOD DECEMBER 1, 2011 THROUGH DECEMBER 31, 2011**

Research

| Professional/Service | Date | Expense | Expense Description |
|-----------------------------|-------------|----------------|--|
| Korn, G. | 12/1/2011 | \$81.66 | Third party (Alacra Inc.) research charges related to valuation. |
| | | \$81.66 | |

Grand Total \$81.66

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

| | | |
|-----------------------------------|---|---|
| In re: |) | Chapter 11 |
| |) | |
| GRACEWAY PHARMACEUTICALS, |) | Case No. 11-13036 (PJW) |
| LLC, <i>et al.</i> , ¹ |) | |
| |) | Jointly Administered |
| Debtors. |) | Objection Deadline: January 31, 2012 @ 4:00 PM |
| |) | Hearing Date: Only if Objections are Filed |

**NOTICE OF THIRD MONTHLY APPLICATION
OF FTI CONSULTING, INC. FOR COMPENSATION FOR SERVICES
RENDERED AND REIMBURSEMENT OF EXPENSES AS FINANCIAL
ADVISOR FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
FOR THE PERIOD DECEMBER 1, 2011 THROUGH DECEMBER 31, 2011**

TO: The Notice Parties as defined in the Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals (the "Interim Compensation Order") (Docket No. 127). Parties receiving notice in the above-captioned matter pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") shall receive this Notice only.

PLEASE TAKE NOTICE that FTI Consulting, Inc., Financial Advisor to the Official Committee of Unsecured Creditors in the above-captioned cases, has filed their **Third Monthly Application of FTI Consulting, Inc. for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor for the Official Committee of Unsecured Creditors for the Period December 1, 2011 through December 31, 2011** (the "Application"). The Application seeks the allowance of fees in the amount of **\$13,041.60** (80% of total fees **\$16,302.00**) and expenses in the amount of **\$81.66** for the period **December 1, 2011 through and including December 31, 2011** and payment of 80% of fees in the amount of **\$13,041.60** and 100% of the expenses in the amount of **\$81.66** pursuant to the Interim Compensation Order. The Application has been filed and served on the Notice Parties pursuant to the Interim Compensation Order. Notice of the Application has been filed and served on all parties requesting notice pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE that Objections, if any, to the relief requested in the Application must be filed with the United States Bankruptcy Court, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801, on or **before January 31, 2012 at 4:00 p.m. (prevailing Eastern Time)**, and a copy served upon the following

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Graceway Pharma Holding Corp., a Delaware corporation (9175); Graceway Holdings, LLC, a Delaware limited liability company (2502); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385); Chester Valley Holdings, LLC, a Delaware limited liability company (9457); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713); Graceway Canada Holdings, Inc., a Delaware corporation (6663); and Graceway International, Inc., a Delaware corporation (2399). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620 (Attn: John Bellamy).

parties so as to be received no later than 4:00 p.m. (prevailing Eastern Time) on **January 31, 2012:**

(i) Graceway Pharmaceuticals, LLC, 340 Martin Luther King Boulevard, Suite 500, Bristol, Tennessee 37620, Attn: John Bellamy; (ii) counsel for the Debtors, Latham & Watkins LLP, Suite 5800, 233 South Wacker Drive, Chicago, Illinois 60606, Attn: Josef S. Athanas and Young Conaway Stargatt & Taylor, LLP, 1000 West Street, 17th Floor, Wilmington, Delaware 19801, Attn: Michael R. Nestor; (iii) counsel for the Committee appointed by the United States Trustee, Lowenstein Sandler PC, 65 Livingston Avenue, Roseland, New Jersey 07068, Attn: S. Jason Teele and Elliott Greenleaf, 1105 North Market Street, Suite 1700, Wilmington, Delaware 19801, Attn: Rafael X. Zahralddin-Aravena; (iv) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, Delaware, Attn: Juliet Sarkessian; and (v) special restructuring and bankruptcy counsel to the administrative agent for the lenders under the Debtors' prepetition first lien credit facility, Wachtell, Lipton, Rosen & Kats, 51 West 52nd Street, New York, New York 10019, Attn: Scott K. Charles and Michael S. Benn (the "Notice Parties").

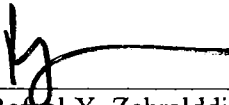
PLEASE TAKE FURTHER NOTICE THAT PURSUANT TO THE INTERIM COMPENSATION ORDER, IF NO OBJECTIONS ARE FILED IN ACCORDANCE WITH THE ABOVE PROCEDURE, THE ABOVE-CAPTIONEDDEBTORS WILL BE AUTHORIZED TO PAY EIGHTY PERCENT (80%) OF REQUESTED FEES AND ONE HUNDRED (100%) OF REQUESTED EXPENSES WITHOUT FURTHER COURT ORDER.

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PLEASE TAKE FURTHER NOTICE THAT ONLY IF AN OBJECTION IS PROPERLY AND TIMELY FILED IN ACCORDANCE WITH THE PROCEDURES SET FORTH ABOVE PURSUANT TO THE INTERIM COMPENSATION ORDER, WILL A HEARING BE HELD ON THE APPLICATION.

Dated: January 11, 2012
Wilmington, Delaware

ELLIOTT GREENLEAF



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